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UNCLAS LILONGWE 000188

SIPDIS

E.O. 12958: N/A

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SUBJECT: AGOA III: INFORMATION ON MALAWIAN TEXTILE AND APPAREL PRODUCTION CAPABILITIES

REF: STATE 026964

1. THIS CABLE IS IN RESPONSE TO REFTTEL REQUEST FOR INFORMATION ON TEXTILE AND APPAREL PRODUCTION CAPABILITIES IN AGOA-ELIGIBLE COUNTRIES.

TEXTILES

2. THE TEXTILE INDUSTRY IN MALAWI IS SMALL AND UNDERDEVELOPED. THE COUNTRY'S ONLY TEXTILE FACTORY, MAPETO (DWSM) LIMITED (FORMERLY DAVID WHITEHEAD & SONS), WAS GOVERNMENT-OWNED AND HAS RECENTLY BEEN SOLD OF TO PRIVATE INVESTORS. THERE ARE NO PRODUCTION OPERATIONS AT THE FACTORY AT THE MOMENT. THE NEW OWNERS ARE BUSY CARRYING OUT A COMPLETE OVERHAUL OF THE FACTORY AND ARE REHABILITATING AND MODERNIZING EQUIPMENT AND MACHINERY. FULL OPERATIONS ARE EXPECTED TO RESUME SOMETIME AFTER APRIL 2004. THE OLD FACTORY HAD 118 LOOMS. TH MACHINES ARE FOR OPEN-END AND RING SPINNING. THE RAW MATERIAL USED WAS BOTH UNGINNED AND GINNED COTTON FROM MALAWI, EGYPT, MOZAMBIQUE AN ZAMBIA. THE NUMBER OF EMPLOYEES IS CURRENTLY ZERO (EXCLUDING MANAGEMENT) BUT THEY PLAN TO ENGAGE 950 WHEN THEY START THIS YEAR RISING TO 2000 IN THE SECOND YEAR AND 6000 IN THE FOURTH YEAR.

APPAREL

3. FIVE APPAREL-PRODUCING COMPANIES ARE EXPORTING UNDER AGOA. TOGETHER, THEY EMPLOY 7,045 WORKERS EXCLUDING MANAGEMENT. THEY USE A TOTAL OF 4300 SEWING MACHINES. THE PRODUCT RANGE IS BROAD AND THE TARGET MARKET IS MOSTLY LOW TO MID-RANGE PRODUCTS FOR DISCOUNT AND DEPARTMENT STORES RESPECTIVELY. THE INDIVIDUAL COMPANY CAPACITY IS A FOLLOWS:

A) CHIRIMBA GARMENTS LIMITED

LABOR FORCE: 3000
SEWING MACHINES: 2000
INPUT MATERIALS: KNIT FABRIC (COTTON, CVC, T/C) AND WOVEN FABRIC (COTTON, MICRO-FIBRE, NYLON, POLYESTER).
SOURCE OF MATERIALS: CHINA, TAIWAN AND PAKISTAN.
FINAL PRODUCTS: SHORTS, CARGO PANTS, JEANS, T-SHIRTS, POLO, JACKET, UNIFORM AND SPORTS APPAREL.
TARGET MARKET FOR FINAL PRODUCT: MID-RANGE.

B) CROWN FASHIONS LIMITED

LABOR FORCE: 875
SEWING MACHINES: 400
INPUT MATERIALS: COTTON DENIM FABRIC, COTTON TWILL FABRIC, ACCESSORIE AND PACKAGING MATERIAL.
SOURCE OF MATERIALS: CHINA, INDONESIA, PAKISTAN AND MALAWI.
FINAL PRODUCTS: JEANS, CHINO/CARGO PANTS, SHORTS, DENIM SHORTS.
TARGET MARKET FOR FINAL PRODUCT: LOW-END (STEVE & BARRY UNIVERSITY SPORTS STORE AND FAMILY DOLLAR) AND MID-RANGE (BEALL'S).

C) GIANT CLOTHING LIMITED

LABOR FORCE: 680
SEWING MACHINES: 450
INPUT MATERIALS: FABRIC, ACCESSORIES AND PACKAGING MATERIALS.
SOURCE OF MATERIALS: CHINA, SWAZILAND, SOUTH AFRICA AND MALAWI.
FINAL PRODUCTS: PANTS AND SHORTS, CHEF'S JACKETS AND PANTS.
TARGET MARKET FOR FINAL PRODUCT: 40% FOR LOW-END MARKET AND 60% FOR MID-RANGE.

D) HAPS INVESTMENT LIMITED:

LABOR FORCE: 2300
SEWING MACHINES: 1300
INPUT MATERIALS: COTTON TWILL, COTTON DENIM, COTTON/POLYESTER JERSEY AND INTERLOCK.
SOURCE OF MATERIALS: CHINA AND TAIWAN.
FINAL PRODUCTS: CHINOS, JEANS, AND CARGO PANTS; SHIRTS; MATCH STRIP TOPS; POLO SHORTS; CARDIGANS; LIGHT JACKETS.
TARGET MARKET FOR FINAL PRODUCT: LOW-END PRODUCTS FOR WAL-MART. MID-RANGE PRICED FOR TARGET, HAGGAR, JC PENNY, DICKIES, SEARS AND THE LIMITED.

E) KNITWEAR INDUSTRIES LIMITED

LABOR FORCE: 240
SEWING MACHINES: 150
INPUT MATERIALS: COTTON, COTTON/POLYESTER BLENDS, KNITTED FABRICS.
SOURCE OF MATERIALS: CHINA, TAIWAN, PAKISTAN, INDIA AND SOUTH AFRICA.
FINAL PRODUCTS: LADIES TOPS, T-SHIRTS.
TARGET MARKET FOR FINAL PRODUCT: 100% LOW-END PRODUCTS FOR DISCOUNT STORES AND WHOLESALERS.

